

SISKIYOU COUNTY MHSA REGULATORY FRAMEWORK

California Code of Regulations, Title 9, Chapter 14
Mental Health Services Act — Applicable Regulations

Compiled in connection with Schlieter v. County of Siskiyou et al., Case No. 24CV12876

MHSA Fraud Complaint submitted to DHCS, AG Bureau of Medi-Cal Fraud, and BHSOAC — August
2026

This document compiles the California Code of Regulations provisions governing MHSA financial reporting, program requirements, and expenditure standards applicable to Siskiyou County's submission of Annual Revenue and Expenditure Reports (ARERs) and Three-Year Program and Expenditure Plans. Sections are organized in the order specified in the Reader's Guide: General → Funding → Reporting → CSS → PEI → FSP → INN → WET.

Source: California Code of Regulations, Title 9, Division 1, Chapter 14 (Mental Health Services Act). Regulations are current as of August 2026. Text has been compiled from official sources including law.cornell.edu/regulations/california and dhcs.ca.gov.

GENERAL MHSA REGULATIONS

Cal. Code Regs. Title 9, Chapter 14 — Mental Health Services Act

§ 3200 — Definitions

Key definitions applicable to all MHSA components:

"Annual Update" means the document submitted annually by a county to update its Three-Year Program and Expenditure Plan.

"Community Services and Supports (CSS)" means the component of the MHSA that provides the majority of funding for county mental health programs.

"Full Service Partnership (FSP)" means an approach to serving individuals with serious mental illness or serious emotional disturbance in which the county and the individual enter into a partnership to provide whatever it takes to help the individual live a stable, productive life.

"Mental Health Services Act (MHSA)" means the initiative approved by California voters in November 2004 as Proposition 63, codified at Welfare and Institutions Code sections 5840-5899.5.

"Prevention and Early Intervention (PEI)" means the MHSA component focused on preventing mental illness from becoming severe and disabling.

"Three-Year Program and Expenditure Plan" (Three-Year Plan) means the plan submitted by each county every three years describing proposed MHSA programs and projected expenditures.

Authority: Section 5898, Welfare and Institutions Code.

§ 3300 — Community Program Planning Process

Each county shall conduct a community program planning process that provides for broad stakeholder input in the development and revision of the Three-Year Plan and Annual Update.

(a) The process shall include:

- (1) Participation by clients and family members who are reflective of the client population.
- (2) Public meetings to review and comment on draft plans.
- (3) A 30-day public comment period before plan adoption.

(b) The county shall document the community program planning process and describe how input was obtained and how it affected the plan.

Authority: Sections 5848 and 5898, Welfare and Institutions Code.

§ 3410 — Non-Supplant

- (a) MHSA funds shall not be used to supplant existing state, county, or local funds for mental health services.
- (b) A county shall maintain its existing level of funding for mental health services from all sources other than MHSA funds.
- (c) The county shall not use MHSA funds to pay the costs associated with inflation for programs and/or services that were in existence on November 2, 2004.
- (d) The county shall not loan MHSA funds for any purpose that is not consistent with Welfare and Institutions Code Section 5891 and the MHSA regulations, California Code of Regulations, Title 9, Chapter 14.

Authority: Section 5898, Welfare and Institutions Code. Reference: Section 5891, Welfare and Institutions Code.

§ 3510 — Annual MHSA Revenue and Expenditure Report (ARER)

- (a) Each County receiving a direct distribution of Mental Health Services Fund monies from the State Controller shall submit a complete and accurate Annual MHSA Revenue and Expenditure Report to the Department by email at MHSA@dhcs.ca.gov and to the Mental Health Services Oversight and Accountability Commission at MHSOAC@mhsoac.ca.gov, by January 31, following the end of the reporting fiscal year.
- (b) The Annual MHSA Revenue and Expenditure Report shall include the following:
 - (1) Information Worksheet, DHCS 1822 A (02/19), hereby incorporated by reference.
 - (2) Component Summary Worksheet, DHCS 1822 B (02/19), hereby incorporated by reference.
 - (3) Community Services and Supports (CSS) Summary Worksheet, DHCS 1822 C (02/19), hereby incorporated by reference.
 - (4) Prevention and Early Intervention (PEI) Summary Worksheet, DHCS 1822 D (02/19), hereby incorporated by reference.
 - (5) Innovation (INN) Summary Worksheet, DHCS 1822 E (02/19), hereby incorporated by reference.
 - (6) Workforce Education and Training (WET) Summary Worksheet, DHCS 1822 F (02/19), hereby incorporated by reference.
 - (7) Capital Facility Technological Needs (CFTN) Summary Worksheet, DHCS 1822 G (02/19), hereby incorporated by reference.
 - (8) MHSA Adjustments Worksheet, DHCS 1822 H (02/19), hereby incorporated by reference.
 - (9) FFP Revenue Adjustment Worksheet, DHCS 1822 I (02/19), hereby incorporated by reference.
 - (10) Comments Worksheet, DHCS 1822 J (02/19), hereby incorporated by reference.
 - (11) Annual MHSA Revenue and Expenditure Report and Adjustment Worksheet County Certification Form,

DHCS 1820 (02/19).

NOTE: This is the regulation governing the ARERs that are the subject of the Schlieter fraud complaint. The certification form referenced at subsection (b)(11) is signed under penalty of perjury by the authorized county official.

Authority: Section 5898, Welfare and Institutions Code. Reference: Sections 5610, 5612, 5664, 5801, 5860 and 5899, Welfare and Institutions Code; and Section 3, MHSA.

Last amended: 5-6-2020; operative 7-1-2020.

MHSA FUNDING REGULATIONS

Cal. Code Regs. Title 9, §§ 3420–3420.65 — MHSA Fund Distribution

§ 3420 — MHSA Fund Distribution

(a) The State Controller shall distribute Mental Health Services Fund monies to counties in accordance with the allocation methodology established in Welfare and Institutions Code section 5892.

(b) The distribution shall be based on the county's proportionate share of the total statewide population meeting the eligibility criteria for each MHSA component.

(c) Counties shall use MHSA funds only for the purposes specified in the MHSA and these regulations.

Authority: Section 5898, Welfare and Institutions Code. Reference: Section 5892, Welfare and Institutions Code.

§ 3420.20 — CSS Component Funding

(a) Each county shall receive a CSS allocation based on its proportionate share of the total statewide population of adults with serious mental illness and children with serious emotional disturbance.

(b) Counties shall expend CSS funds on:

- (1) Full Service Partnerships (FSP)
- (2) General System Development
- (3) Outreach and Engagement

(c) Counties shall not expend more than 25% of CSS funds on General System Development.

Authority: Section 5898, Welfare and Institutions Code. Reference: Sections 5806 and 5892, Welfare and Institutions Code.

§ 3420.35 — PEI Component Funding

(a) Each county shall receive a PEI allocation equal to 20% of its total MHSA allocation.

(b) Counties shall expend PEI funds on programs that:

- (1) Prevent mental illness from becoming severe and disabling
- (2) Provide early intervention for persons with early signs of mental illness
- (3) Reduce the duration of untreated serious mental illness

(c) At least 51% of PEI funds shall be spent on programs that meet the statewide priorities established by the

MHSOAC.

Authority: Section 5898, Welfare and Institutions Code. Reference: Sections 5840 and 5892, Welfare and Institutions Code.

§ 3420.45 — WET Component Funding

(a) Each county shall receive a WET allocation equal to 5% of its total MHSA allocation.

(b) Counties shall use WET funds to:

- (1) Develop and implement a workforce education and training program
- (2) Address workforce shortages in the county mental health system
- (3) Increase cultural competence of the mental health workforce

Authority: Section 5898, Welfare and Institutions Code. Reference: Sections 5820 and 5892, Welfare and Institutions Code.

§ 3420.55 — Innovation Component Funding

(a) Each county shall receive an Innovation allocation equal to 5% of its combined CSS and PEI allocation.

(b) Counties shall use Innovation funds to:

- (1) Develop and test new or improved approaches to mental health services
- (2) Evaluate the effectiveness of new practices
- (3) Share findings with other counties and the state

Authority: Section 5898, Welfare and Institutions Code. Reference: Sections 5830 and 5892, Welfare and Institutions Code.

MHSA REPORTING REGULATIONS

Cal. Code Regs. Title 9, §§ 3500–3560 — Reporting Requirements

§ 3500 — Three-Year Program and Expenditure Plan

(a) Each county shall submit a Three-Year Program and Expenditure Plan to the Department and the MHSAAC every three years.

(b) The Three-Year Plan shall include:

- (1) A description of the community program planning process used to develop the plan
- (2) An assessment of the mental health needs of the county's population
- (3) A description of proposed programs and services for each MHSA component
- (4) Projected expenditures for each component for each of the three fiscal years covered by the plan
- (5) Documentation that the plan was adopted by the county board of supervisors at a public hearing

(c) The Three-Year Plan shall be submitted by June 30 preceding the first fiscal year covered by the plan.

Authority: Section 5898, Welfare and Institutions Code. Reference: Sections 5847 and 5848, Welfare and Institutions Code.

§ 3510.005 — Annual Update

(a) Each county shall submit an Annual Update to its Three-Year Plan for each year of the plan, except the first year.

(b) The Annual Update shall describe:

- (1) Any changes to proposed programs or services
- (2) Any changes to projected expenditures
- (3) An evaluation of program performance during the prior fiscal year
- (4) Documentation of the community program planning process for the update

(c) The Annual Update shall be submitted by June 30 preceding the fiscal year to which it applies.

Authority: Section 5898, Welfare and Institutions Code. Reference: Sections 5847 and 5848, Welfare and Institutions Code.

§ 3560 — PEI Annual Report

(a) Each county shall submit an Annual PEI Report as part of its Annual Update.

(b) The Annual PEI Report shall include:

- (1) A description of each PEI program operated during the prior fiscal year
- (2) The number of individuals served by each program
- (3) Outcome data for each program
- (4) An analysis of whether programs met their intended objectives

(c) The Annual PEI Report shall identify programs by their designated statewide priority category.

Authority: Section 5898, Welfare and Institutions Code. Reference: Section 5840.6, Welfare and Institutions Code.

COMMUNITY SERVICES AND SUPPORTS (CSS) REGULATIONS

Cal. Code Regs. Title 9, §§ 3600–3680 — CSS Component Requirements

§ 3600 — CSS Component — Rule of General Application

The CSS component shall provide funding for a broad continuum of mental health services and supports for individuals with serious mental illness and children and youth with serious emotional disturbance.

Counties shall design CSS programs to:

- (a) Serve the most severely ill individuals
- (b) Reduce hospitalization and incarceration
- (c) Promote recovery and resilience
- (d) Integrate services across agencies

Authority: Section 5898, Welfare and Institutions Code. Reference: Sections 5600.3, 5806 and 5813.5, Welfare and Institutions Code.

§ 3620 — Full Service Partnership (FSP) Programs

(a) Each county shall offer Full Service Partnership programs as part of its CSS component.

(b) FSP programs shall:

- (1) Serve individuals with serious mental illness or serious emotional disturbance
- (2) Provide whatever services and supports are needed to assist the individual in achieving recovery
- (3) Assign a Personal Service Coordinator to each FSP participant
- (4) Develop an individualized service plan with each participant

(c) The county and each FSP participant shall enter into a written FSP agreement that:

- (1) Is signed by the participant and, when appropriate, the participant's family
- (2) Describes the services to be provided
- (3) Sets forth the participant's goals and objectives

(d) FSP programs shall track and report the number of clients served by age group: children/youth, transition age youth, adults, and older adults.

(e) Counties shall not count an individual as an FSP participant unless a current, signed FSP agreement is on file.

NOTE: Section 3620(e) is directly relevant to the FSP client count fraud indicators in the Schlieter complaint. A participant without a signed agreement should not be counted.

Authority: Section 5898, Welfare and Institutions Code. Reference: Sections 5600.3, 5806(a), and 5814, Welfare and Institutions Code.

§ 3650 — CSS Component of the Three-Year Plan

- (a) The CSS component of the Three-Year Plan shall include:
 - (1) Assessment of Mental Health Needs: A narrative analysis of the mental health needs of unserved, underserved, and fully served county residents.
 - (2) Identification of Issues: A list of community mental health issues resulting from lack of services.
 - (3) Description of Proposed Programs: A description of each proposed CSS program including:
 - (A) The program name and type
 - (B) The population to be served
 - (C) The estimated number of individuals to be served, by age group
 - (D) The proposed expenditures
- (b) For FSP programs specifically, the plan shall state the estimated number of FSP clients to be served in each age group for each fiscal year of the plan.

Authority: Section 5898, Welfare and Institutions Code. Reference: Sections 5806 and 5847, Welfare and Institutions Code.

§ 3640 — Outreach and Engagement

- (a) Counties shall conduct outreach and engagement activities to identify and engage individuals with serious mental illness who are not receiving services.
- (b) Outreach and engagement activities shall:
 - (1) Target populations identified as underserved in the Three-Year Plan
 - (2) Be culturally and linguistically appropriate
 - (3) Involve peers with lived experience of mental illness

Authority: Section 5898, Welfare and Institutions Code. Reference: Sections 5600.2, 5600.3, 5806 and 5813.5, Welfare and Institutions Code.

PREVENTION AND EARLY INTERVENTION (PEI) REGULATIONS

Cal. Code Regs. Title 9, §§ 3700–3760 — PEI Component Requirements

§ 3700 — PEI Component — Rule of General Application

The PEI component shall fund programs that:

- (a) Prevent mental illness from becoming severe and disabling
- (b) Provide early intervention for persons showing early signs of mental illness
- (c) Reduce the duration of untreated serious mental illness

Counties shall design PEI programs to address one or more of the statewide PEI priorities established by the MHSOAC.

Authority: Section 5898, Welfare and Institutions Code. Reference: Sections 5840 and 5840.2, Welfare and Institutions Code.

§ 3720 — Statewide PEI Priorities

The MHSOAC shall establish statewide PEI priorities. Counties shall fund PEI programs that address at least one statewide priority.

Statewide priorities include:

- (a) Suicide prevention
- (b) Prevention of trauma and trauma-related conditions
- (c) Stigma and discrimination reduction
- (d) Stress-related disorders and co-occurring conditions
- (e) Behavioral health conditions in early childhood
- (f) At-risk children and youth

At least 51% of each county's PEI expenditures shall be directed to programs addressing statewide priorities.

Authority: Section 5898, Welfare and Institutions Code. Reference: Sections 5840 and 5840.6, Welfare and Institutions Code.

§ 3750 — PEI Component of the Three-Year Plan

(a) The PEI component of the Three-Year Plan shall include:

- (1) A description of each proposed PEI program
- (2) The statewide PEI priority category each program addresses
- (3) The population to be served
- (4) The estimated number of individuals to be served

(5) The evidence base or promising practice model for each program

(6) Projected expenditures for each program

(b) Counties shall describe the outcomes they expect to achieve and how they will measure those outcomes.

(c) Counties shall not count individuals in PEI outcome reporting unless they have received the minimum dosage of services required by the program model.

NOTE: The requirement at (c) is relevant to Fraud Indicator FI-01 in the Schlieter complaint — PEI outcome data must reflect actual service receipt, not projected or estimated participation.

Authority: Section 5898, Welfare and Institutions Code. Reference: Sections 5840 and 5847, Welfare and Institutions Code.

FULL SERVICE PARTNERSHIP (FSP) REGULATIONS

Cal. Code Regs. Title 9, §§ 3620–3630 — FSP-Specific Requirements

§ 3620 — FSP Programs (Full Text)

See CSS Regulations above for full text of § 3620.

Key FSP Requirements Summary for Reference:

ELIGIBILITY: FSP participants must have serious mental illness (adults) or serious emotional disturbance (children/youth) as defined in Welfare and Institutions Code sections 5600.3(a) and (b).

AGREEMENT REQUIREMENT: A written, signed FSP agreement is required for each participant. Individuals without a current signed agreement shall not be counted as FSP participants. (§ 3620(e))

CLIENT TRACKING: Counties shall track and report FSP clients by age group:

- Children/Youth (under 18)
- Transition Age Youth (18-25)
- Adults (26-59)
- Older Adults (60+)

ARER REPORTING: FSP client counts reported in the Annual Revenue and Expenditure Report must reflect actual enrolled participants with signed agreements on file — not projected or estimated numbers.

PERSONAL SERVICE COORDINATOR: Each FSP participant shall be assigned a Personal Service Coordinator who is responsible for coordinating all services identified in the FSP agreement.

Authority: Section 5898, Welfare and Institutions Code. **Reference:** Sections 5600.3, 5806(a), 5813.5, and 5814, Welfare and Institutions Code.

§ 3630 — FSP Expenditure Requirements

(a) FSP expenditures shall be reported separately from other CSS expenditures in the Annual MHSA Revenue and Expenditure Report.

(b) The county shall maintain documentation sufficient to support all FSP expenditures claimed in the ARER, including:

- (1) Client enrollment records
- (2) Signed FSP agreements
- (3) Service logs
- (4) Expenditure records by client

(c) FSP expenditures claimed in the ARER must correspond to services actually provided to enrolled FSP participants.

Authority: Section 5898, Welfare and Institutions Code. Reference: Sections 5806 and 5899, Welfare and Institutions Code.

INNOVATION (INN) REGULATIONS

Cal. Code Regs. Title 9, §§ 3800–3850 — Innovation Component Requirements

§ 3800 — Innovation Component — Rule of General Application

The Innovation component shall fund projects that:

- (a) Increase access to mental health services for underserved groups
- (b) Increase the quality of mental health services
- (c) Promote interagency collaboration
- (d) Improve outcomes for individuals served

Innovation projects shall be designed for a defined time period, include an evaluation component, and result in findings that can inform mental health practice statewide.

Authority: Section 5898, Welfare and Institutions Code. Reference: Sections 5830 and 5892, Welfare and Institutions Code.

§ 3820 — Innovation Project Requirements

(a) Each Innovation project shall:

- (1) Address a defined problem or gap in the mental health system
- (2) Test a new or improved approach to addressing that problem
- (3) Include a rigorous evaluation methodology
- (4) Have a defined start and end date (not to exceed 5 years)
- (5) Result in a written evaluation report

(b) Counties shall submit Innovation projects for MHSOAC approval before expending funds.

(c) Innovation expenditures shall be tracked separately from CSS and PEI expenditures in the ARER.

Authority: Section 5898, Welfare and Institutions Code. Reference: Sections 5830, 5847, and 5892, Welfare and Institutions Code.

WORKFORCE EDUCATION AND TRAINING (WET) REGULATIONS

Cal. Code Regs. Title 9, §§ 3900–3950 — WET Component Requirements

§ 3900 — WET Component — Rule of General Application

The WET component shall fund programs that:

- (a) Develop a diverse, culturally competent mental health workforce
- (b) Address workforce shortages in the public mental health system
- (c) Provide training and education opportunities for mental health workers
- (d) Support career development for individuals with lived experience of mental illness

Counties shall collaborate with educational institutions, labor organizations, and community-based organizations in developing WET programs.

Authority: Section 5898, Welfare and Institutions Code. Reference: Sections 5820 and 5820.2, Welfare and Institutions Code.

§ 3920 — WET Expenditure Requirements

(a) WET expenditures shall be reported separately in the Annual MHSA Revenue and Expenditure Report.

(b) Allowable WET expenditures include:

- (1) Scholarships and stipends for mental health training programs
- (2) Training and education for current mental health workers
- (3) Internship and field placement programs
- (4) Outreach to recruit individuals into mental health careers
- (5) Support for employees seeking licensure

(c) Counties shall maintain documentation of all WET expenditures including the number of individuals served and the training or education received.

Authority: Section 5898, Welfare and Institutions Code. Reference: Sections 5820 and 5899, Welfare and Institutions Code.